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December 1, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

Re: Ex Parte Presentations  
CC Dkt. Nos. 96-98, 98-147

Dear Ms. Salas:

In accordance with the Commission's *ex parte* rules, this letter is to notify you that William Schrader and John Muleta of PSINet Inc. and Ronald Plessner of Piper & Marbury LLP met yesterday with Commissioner Ness and James Casserly, with Commissioner Tristani and Paul Gallant, and with Chairman Kennard, Thomas Power, Dr. Robert Pepper, Lisa Zaina, and Jordan Goldstein to discuss PSINet's positions in the above-referenced dockets. Copies of the attached bullet-sheet presentations were handed out to the Commissioners and the Commission staff, which summarize PSINet's positions during the meetings. During the meetings, PSINet also explained its network and its Internet services and explained why PSINet seeks access to the copper "pipelines" to the customer, without additional layering decisions imposed by the LECs. As it presented in its comments, PSINet urged the Commission to allow ISPs to gain access to the unbundled loop and not force ISPs to accept LEC layering decisions or bundled transport services such as ATM. Further, PSINet expressed its view that the Commission should avoid incrementally removing various incentives, including the availability of UNEs, cost-based access to collocation and resale of incumbent LEC facilities, and reciprocal compensation for Internet-based traffic, that have fostered and encouraged CLEC competition. These incentives for CLEC competition are beginning to lower prices and create new service for American consumers.

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Please find attached three copies of this letter for inclusion in each of the above-referenced dockets. Should you have any questions, please contact the undersigned.

Sincerely,



Mark J. O'Connor  
Counsel for PSINet Inc.

cc: Chairman William Kennard  
Commissioner Susan Ness  
Commissioner Gloria Tristani  
Thomas Power  
James Casserly  
Paul Gallant  
Dr. Robert Pepper  
Lisa Zaina  
Jordan Goldstein

# PSINet Inc.

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**Bill Schrader**, Founder, Chairman and CEO

**Chuck Davin**, Chief Technical Officer

**John Muleta**, VP Capacity Planning and Service Delivery

November 1998

## Background on PSINet

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PSINet, founded in 1989, is the world's first commercial Internet Service Provider; it operates today one of the largest and most advanced Internet access networks in the world. PSINet Inc. is based in Herndon, Virginia

**NETWORK:** PSINet's current network includes more than 230 points of presence ("PoPs") in the U.S. and more than 400 PoPs worldwide, each designed and built specifically to handle Internet-based traffic from customers that employ a range of access methods. PSINet is one of the top Internet backbone providers in the world.

**BROAD CUSTOMER BASE:** PSINet offers a full line of services to business, government, and educational customers including 37 of the Fortune 100 companies. The PSINet Carrier & ISP Services unit also offers consumer and commercial Internet services on a private label basis to a community of more than 4,000 U.S.-based ISPs as well as some 500 large telecommunications providers.

## **The FCC Must Keep to the Promise of Full Implementation of the 1996 Act so Competition and Lower Priced Services Will Continue to Emerge**

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should not retreat from initial decision-making on cost-based  
for interconnection and UNEs.

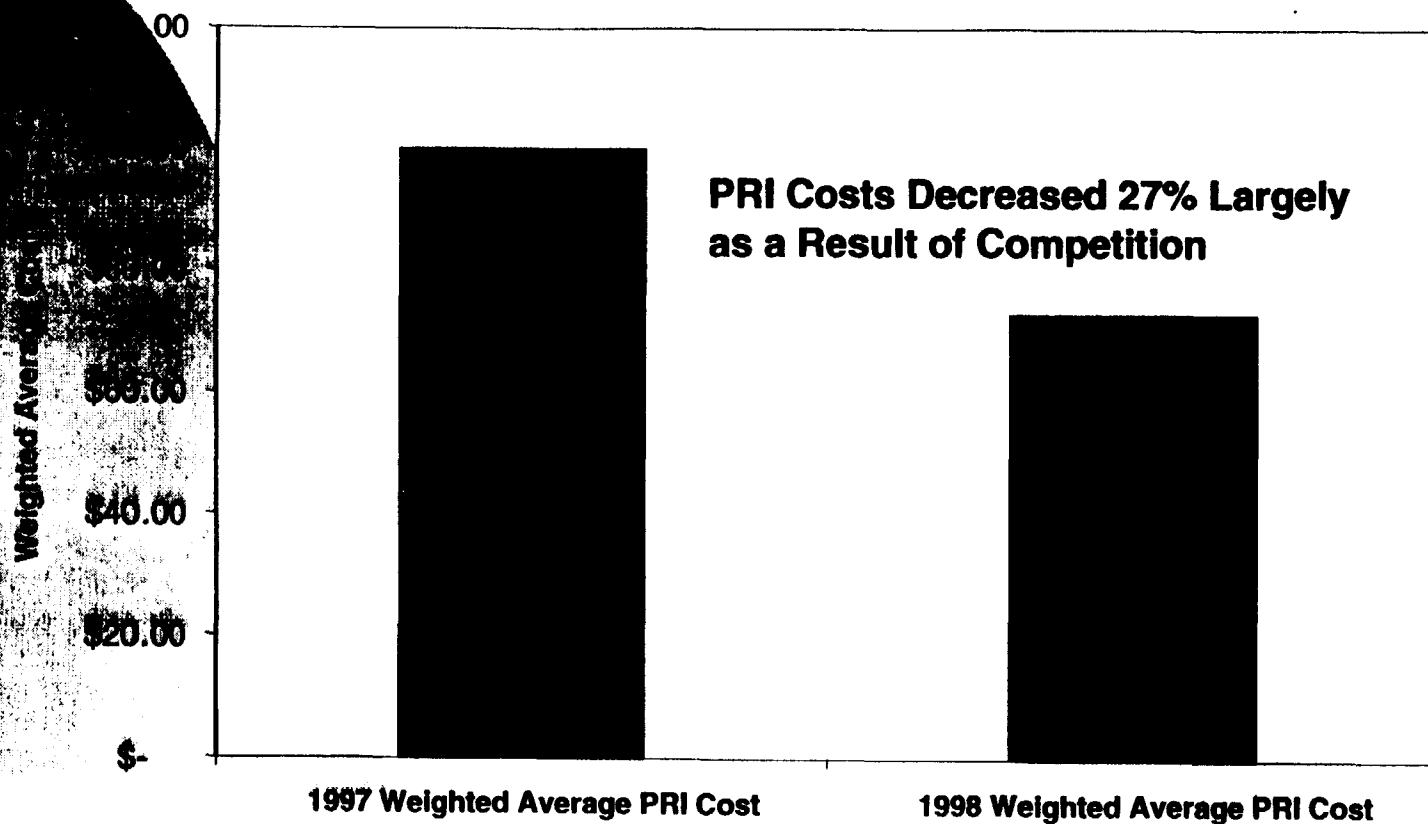
**For Effective Local Competition Between Carriers, FCC  
regulations must include:**

- ◆ **Cost-Based** Access to unbundled elements of ILEC Network
- ◆ **Cost-Based** Interconnection among Local Carriers with reciprocal compensation
- ◆ **Strong Collocation** rights for access to ILEC central offices

**FCC should be wary of obliging ILEC interests on reciprocal  
compensation and advanced services to the extent they tend  
to dampen competition and the number of competitors in the  
local loop**

# Competition has Emerged in the Local Loop and Shows Real Effects

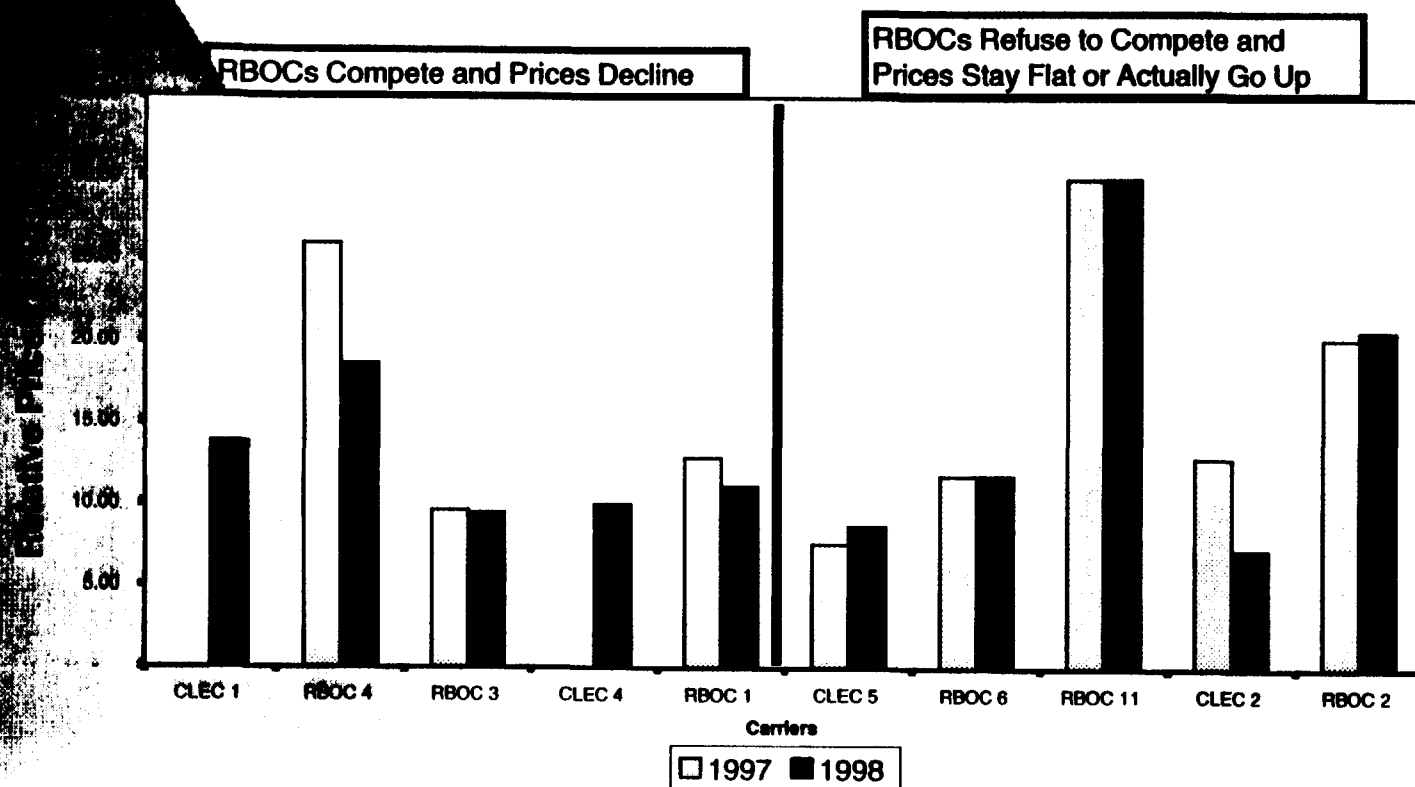
## Effects of Competition in the Local Market \*



\* Figures Masked for Competitive and Confidentiality Reasons

# Competition is Present When ILECs Make Sustained Behavioral Changes

## Effects of Competition in the Local Market \*



\* Figures Masked for Competitive and Confidentiality Reasons

## **PSINet Seeks Greater Access To Unbundled Loops To Promote Advanced Internet Services**

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**Greater CLEC and ISP Access to the ILEC Local Loop  
Will Deliver A Broader Range of Services to American  
Businesses and Consumers**

**Current ILEC decisions/proposal by ILECs limit the range of services  
available**

**ISP Competition Requires Access to Unbundled Loops by CLECs**

**FCC Should Strongly Enforce Access Rights of Competitors**



**PSINet Seeks Greater Access To Unbundled Loops To Promote Advanced Internet Services**

**I. Allowing Greater CLEC and ISP Access to the ILEC Local Loop Facilities Will Deliver A Broader Range of Services to American Businesses and Consumers**

*Higher-level "layering" decisions by ILEC currently limit the range of services available to the American Public.*

- ILEC asymmetric data telecommunications (e.g., ADSL) precludes deployment of services that require significant "up stream" bandwidth, such as web-hosting and telecommuting.
- ILEC model of shared network reduces Internet application performance. Shared ATM or Frame Relay "cloud" to ISPs undermines ISP's ability to deliver robust Internet services.
- ILECs' decisions across broad geographic areas inhibit competitors by (a) forcing uniform system-wide "layering" choices, and (b) requiring competitors to purchase access to all ILEC offices in a given region.

**II. The Commission Should Promote Competition In The Advanced Services Markets.**

*CLEC competition requires improved national unbundling and collocation rules.*

- CLECs need a functional method from ILECs of assessing xDSL-capable loops.
- Collocation must be geared toward efficient, non-discriminatory use of central office location, at reasonable rates.

*ISP Competition Requires Access to Unbundled Loops.*

- Computer III FNPRM proceeding should re-invigorate FCC's promise of ONA unbundled access to loops for ISPs.
- Thousands of existing ISPs throughout the U.S. could provide much-needed advanced services and competition.

*FCC Should Strongly Enforce Access Rights of Competitors.*

- Accelerated Complaint Process (CC Dkt. No. 96-238) should apply to all CLEC and ISP complaints regarding ILEC provisioning/discrimination.
- Burden of production should shift to ILEC to demonstrate compliance with advanced services and local competition law.
- FCC should require ILEC performance standards to watch progress of ILEC provisioning, state-by-state performance data would yield more important data on ILEC compliance.
- FCC should maintain interLATA restrictions to ensure full compliance with local competition provisions.